GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2111
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Black Money
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Will the Minister of FINANCE be pleased to state:

(a) whether volume of money deposited by Indians in tax heaven countries have come down during the recent times and if so, the details and reasons therefor;

(b) whether the Government has reviewed the inquiry being done regarding the recovery of black money;

(c) if so, the details thereof and if not, the reasons therefor; and

(d) the progress of the inquiry in this case so far?

Answer

MINISTER OF STATE FOR FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a) While there is no official estimation of money deposited by Indians in tax haven countries, recent media reports have quoted Zurich based Swiss National Bank as saying that money held by Indians in Swiss banks has fallen by nearly one-third. These reports also say that the funds, described by Swiss National Bank as 'liabilities' of Swiss banks or 'amounts due to' their clients, are the official figures disclosed by the Swiss authorities and do not indicate to the quantum of alleged black money held by Indians in Switzerland.

(b) & (c): Periodic review of investigations and other follow-up actions in the cases involving black money is an on-going process. The Income Tax Department (ITD) is entrusted with the responsibility of investigating the tax evasion/black money cases and taking follow up actions such as assessment of income, levy of tax, interest & penalty and filing of prosecution complaints before Criminal Courts, wherever applicable. Other law enforcement agencies such as Enforcement Directorate, Central Bureau of Investigation, etc. also take action under laws administered by them, depending upon facts of each case. The taxes, penalties, etc. levied by the ITD form part of the total liability of each assessee and is recovered in accordance with law. There are provisions for recovery of the same from the assets kept abroad also in accordance with legal instruments with relevant foreign jurisdictions. However, as per scheme of the Income-tax Act, 1961, only the demand/ liability raised in relation to the assessed total income is recoverable and not the undisclosed income/black money per-se. Recognizing the limitations under the legislation [Income-tax Act, 1961, etc.] existing earlier, the Government enacted a comprehensive new law on black money − "The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015" to specifically and more effectively tackle the issue of black money stashed away abroad. The new law has made the offence of wilful attempt to evade tax, etc. in relation to undisclosed foreign income and assets a Scheduled Offence under the Prevention of Money-laundering Act, 2002 (PMLA). This enables attachment and confiscation of the proceeds of crime of wilful attempt to evade such tax, etc. i.e. the black money stashed abroad, eventually leading to recovery of such undisclosed foreign income and assets/black money stashed abroad. Further, where property/proceeds of crime is taken or held outside the country, PMLA has been amended through the Finance Act, 2015 enabling attachment and confiscation of property equivalent in value held within the country.

Besides the above, the Government has taken several other effective measures, both by way of policy-level initiatives as well as through more effective enforcement action on the ground, to address with the issue of black money. Recent such major initiatives of the Government include − (i) Constitution of the Special Investigation Team (SIT) on Black Money under Chairmanship and Vice-Chairmanship of two former Judges of Hon'ble Supreme Court, (ii) Introduction of the Benami Transactions (Prohibition) Amendment Bill, 2015 to amend the Benami Transactions (Prohibition) Act, 1988 with a view to, inter alia, enable confiscation of Benami property and provide for prosecution, (iii) Constitution of Multi-Agency Group (MAG) consisting of officers of Central Board of Direct Taxes (CBDT), Reserve Bank of India (RBI), Enforcement Directorate (ED) and Financial Intelligence Unit (FIU) for investigation of recent revelations in Panama paper leaks, (iv) Proactively engaging with foreign governments with a view to facilitate and enhance the exchange of information under Double Taxation Avoidance Agreements (DTAAs)/Tax Information Exchange Agreements (TIEAs)/Multilateral Conventions, (v) According high priority to the cases involving black money stashed away abroad for investigation and other follow-up actions including prosecutions in appropriate cases, (vi) While focusing upon non-intrusive measures, due emphasis on enforcement measures in high impact cases with a view to prosecute the offenders at the earliest for credible deterrence against tax evasion/black money, (vii) Proactively furthering global efforts to combat tax evasion/black money, inter alia, by joining the Multilateral Competent Authority Agreement in respect of Automatic Exchange of Information (AEOI) and having information sharing arrangement with USA under its Foreign Account Tax Compliance Act (FATCA), (viii) Renegotiation of DTAAs with other countries to bring the Article on Exchange of Information to International Standards and expanding India's treaty network by signing new DTAAs and TIEAs with many jurisdictions to facilitate the exchange of information and to bring transparency, (ix) Initiation of the information technology based 'Project Insight' by the Income Tax Department for strengthening the non-intrusive information driven approach for improving tax compliance and effective utilization of available information, (x) Legislative measures including amendments in the Income-tax Act, 1961.

(d) Appropriate action under relevant laws in the cases involving black money is an on-going process. As submitted above, such action under direct taxes law includes searches, surveys, enquiries, assessment of income, levy of tax, interest, penalties, etc. and filing of prosecution complaints before Criminal Courts, wherever applicable. In light of the above on-going process, investigation, assessment, penal actions, prosecutions, etc. in the cases involving black money are at different stages in different cases.